

TOWN OF AMITE CITY**Louisiana****ANNUAL FINANCIAL REPORT****As of and for the Year Ended****June 30, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 19 2014**

TOWN OF AMITE CITY

Louisiana

ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

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TOWN OF AMITE CITY

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Milton Bel and
Members of the Town Council
Town of Amite City
Amite, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the fiduciary funds of the Town of Amite City, Louisiana, (the Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the fiduciary funds of the Town of Amite City, Louisiana, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Town has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 52 through 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of utility revenue bonds additional information is presented for purposes of additional analysis as required by the Louisiana Department of Environmental Quality, and is not a required part of the basic financial statements.

This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2013, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lee Gray, CPA". The signature is written in a cursive, flowing style.

Certified Public Accountant

December 19, 2013

BASIC FINANCIAL STATEMENTS

Town of Amite City

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activity</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 355,134	\$ 572,425	\$ 927,559
Receivables, net	335,812	133,968	469,780
Prepaid insurance	20,302	-	20,302
Internal balances	100,543	(100,543)	-
Restricted cash, cash equivalents, and investments	3,564	526,732	530,296
Capital assets, net	<u>1,638,141</u>	<u>8,503,572</u>	<u>10,141,713</u>
Total assets	<u>2,453,496</u>	<u>9,636,154</u>	<u>12,089,650</u>
<u>Liabilities</u>			
Accounts, salaries, and other payables	145,382	42,593	187,975
Accrued liabilities	-	11,462	11,462
Utility customer deposits	-	112,139	112,139
Noncurrent liabilities:			
Due within one year	14,000	120,639	134,639
Due in more than one year	<u>75,997</u>	<u>4,961,363</u>	<u>5,037,360</u>
Total liabilities	<u>235,379</u>	<u>5,248,196</u>	<u>5,483,575</u>
<u>Net Position</u>			
Net investment in capital assets	1,638,141	3,421,570	5,059,711
Restricted for:			
Debt service	-	414,593	414,593
Law enforcement	3,564	-	3,564
Unrestricted	<u>576,412</u>	<u>551,795</u>	<u>1,128,207</u>
Total Net Position	<u>\$ 2,218,117</u>	<u>\$ 4,387,958</u>	<u>\$ 6,606,075</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues, and Changes in Net Position		
		Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$1,281,148	\$ -	\$ 5,113	\$ 500	\$(1,275,535)	\$ -	\$(1,275,535)
Public safety - police	1,483,888	179,644	140,985	2,056	(1,161,203)	-	(1,161,203)
Public safety - fire	285,000	-	-	-	(285,000)	-	(285,000)
Streets	744,792	-	192,762	-	(552,030)	-	(552,030)
Sanitation	285,119	294,275	-	-	9,156	-	9,156
Community center	22,596	34,665	-	-	12,069	-	12,069
Cemetery	76,209	16,610	-	-	(59,599)	-	(59,599)
Parks and recreation	88,070	-	-	-	(88,070)	-	(88,070)
Economic development	14,215	-	-	-	(14,215)	-	(14,215)
Intergovernmental	11,281	-	-	-	(11,281)	-	(11,281)
Art development	19,339	-	-	-	(19,339)	-	(19,339)
Miscellaneous programs	<u>31,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,780)</u>	<u>-</u>	<u>(31,780)</u>
Total governmental activities	<u>4,343,437</u>	<u>525,194</u>	<u>338,860</u>	<u>2,556</u>	<u>(3,476,827)</u>	<u>-</u>	<u>(3,476,827)</u>
Business-type Activities:							
Waterworks and sewer	<u>1,115,905</u>	<u>1,315,688</u>	<u>140,343</u>	<u>139,082</u>	<u>-</u>	<u>479,208</u>	<u>479,208</u>
Total business-type activity	<u>1,115,905</u>	<u>1,315,688</u>	<u>140,343</u>	<u>139,082</u>	<u>-</u>	<u>479,208</u>	<u>479,208</u>
Total	<u>\$5,459,342</u>	<u>\$1,840,882</u>	<u>\$479,203</u>	<u>\$ 141,638</u>	<u>(3,476,827)</u>	<u>479,208</u>	<u>(2,997,619)</u>
General Revenues:							
Taxes:							
Property taxes					125,521	-	125,521
Franchise taxes					140,449	-	140,449
Sales taxes					2,882,477	-	2,882,477
Alcoholic beverage tax					10,287	-	10,287
Licenses and permits					278,623	-	278,623
Investment earnings					1,503	2,769	4,272
Miscellaneous					22,448	629	23,077
Intergovernmental					47,552	-	47,552
Transfers					<u>(18,296)</u>	<u>18,296</u>	<u>-</u>
Total general revenues and transfers					<u>3,490,564</u>	<u>21,694</u>	<u>3,512,258</u>
Change in Net Position					13,737	500,902	514,639
Net position - beginning, restated					<u>2,204,380</u>	<u>3,887,056</u>	<u>6,091,436</u>
Net position - ending					<u>\$2,218,117</u>	<u>\$4,387,958</u>	<u>\$ 6,606,075</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Capital Improvements Fund</u>	<u>Economic Development Fund</u>	<u>Arts Council Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash	\$ 88,753	\$ 4,131	\$77,482	\$142,860	\$41,908	\$ 355,134
Receivables, net	99,842	235,970	-	-	-	335,812
Prepaid insurance	20,302	-	-	-	-	20,302
Due from other funds-						
General Fund	-	-	-	185,000	10,848	195,848
Waterworks Fund	100,543	-	-	-	-	100,543
Sales Tax Fund	-	-	-	18,514	-	18,514
Restricted cash	<u>3,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,564</u>
Total assets	<u>\$ 313,004</u>	<u>\$240,101</u>	<u>\$77,482</u>	<u>\$346,374</u>	<u>\$52,756</u>	<u>\$1,029,717</u>
<u>Liabilities</u>						
Accounts, salaries, and other payables	\$ 141,919	\$ -	\$ -	\$ 2,200	\$ 1,263	\$ 145,382
Due to other funds -						
Arts Council Fund	10,848	-	-	-	-	10,848
Due to Economic Development Fund	<u>185,000</u>	<u>18,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,514</u>
Total liabilities	<u>337,767</u>	<u>18,514</u>	<u>-</u>	<u>2,200</u>	<u>1,263</u>	<u>359,744</u>
<u>Fund Balance</u>						
Restricted:						
Law enforcement - Drug seizures	3,564	-	-	-	-	3,564
Committed:						
Economic Development	-	-	-	344,174	-	344,174
Promotion of the Arts	-	-	-	-	51,493	51,493
To Pay DEQ and USDA loans	-	221,587	-	-	-	221,587
Assigned:						
Capital Improvements	-	-	77,482	-	-	77,482
Unassigned	<u>(28,327)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,327)</u>
Total fund balance (deficit)	<u>(24,763)</u>	<u>221,587</u>	<u>77,482</u>	<u>344,174</u>	<u>51,493</u>	<u>669,973</u>
Total liabilities and fund balance	<u>\$313,004</u>	<u>\$240,101</u>	<u>\$77,482</u>	<u>\$346,374</u>	<u>\$52,756</u>	<u>\$1,029,717</u>

The accompanying notes are an integral part of this statement.

TOWN OF AMITE CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2013

Fund balances - total governmental funds	\$ 669,973
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Governmental capital assets, net of depreciation	1,638,141
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:	
Compensated absences payable	<u>(89,997)</u>
Net position of governmental activities	<u>\$2,218,117</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	General Fund	Sales Tax Fund	Capital Improvements Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
Revenues						
Taxes	\$ 265,970	\$ 2,882,477	\$ -	\$ -	\$ -	\$ 3,148,447
Licenses and permits	278,623	-	-	-	-	278,623
Intergovernmental	398,205	-	-	-	-	398,205
Fines and forfeitures	152,849	-	-	-	-	152,849
Sanitation service fees	294,275	-	-	-	-	294,275
Prisoner housing fees	16,966	-	-	-	-	16,966
Subpoena & bond appearance fees	6,836	-	-	-	-	6,836
Rentals & recreational	34,665	-	-	-	-	34,665
Miscellaneous	42,411	203	218	344	1,428	44,604
Total Revenues	<u>1,490,800</u>	<u>2,882,680</u>	<u>218</u>	<u>344</u>	<u>1,428</u>	<u>4,375,470</u>
Expenditures						
General government	1,251,127	18,736	-	-	-	1,269,863
Public safety - police	1,413,723	-	-	-	-	1,413,723
Public safety - fire	285,000	-	-	-	-	285,000
Streets	735,091	-	-	-	-	735,091
Sanitation	268,903	-	-	-	-	268,903
Community center	16,279	-	-	-	-	16,279
Cemetery	76,209	-	-	-	-	76,209
Parks and recreation	79,472	-	-	-	-	79,472
Economic development	-	-	-	14,215	-	14,215
Intergovernmental	11,281	-	-	-	-	11,281
Art development	-	-	-	-	19,339	19,339
Miscellaneous	31,780	-	-	-	-	31,780
Total Expenditures	<u>4,168,865</u>	<u>18,736</u>	<u>-</u>	<u>14,215</u>	<u>19,339</u>	<u>4,221,155</u>
Excess (deficiency) of revenues over expenditures	<u>(2,678,065)</u>	<u>2,863,944</u>	<u>218</u>	<u>(13,871)</u>	<u>(17,911)</u>	<u>154,315</u>
Other Financing Sources (Uses)						
Operating transfers in	2,780,000	-	-	72,062	20,750	2,872,812
Operating transfers out	(39,046)	(2,852,062)	-	-	-	(2,891,108)
Total other financing sources (uses)	<u>2,740,954</u>	<u>(2,852,062)</u>	<u>-</u>	<u>72,062</u>	<u>20,750</u>	<u>(18,296)</u>
Net change in Fund Balances	62,889	11,882	218	58,191	2,839	136,019
Fund balances, beginning of year, restated	<u>(87,652)</u>	<u>209,705</u>	<u>77,264</u>	<u>285,983</u>	<u>48,654</u>	<u>533,954</u>
Fund balances (deficit), end of year	<u>\$ (24,763)</u>	<u>\$ 221,587</u>	<u>\$77,482</u>	<u>\$344,174</u>	<u>\$ 51,493</u>	<u>\$ 669,973</u>

The accompanying notes are an integral part of this statement.

TOWN OF AMITE CITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 136,019
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital outlay	23,806
Depreciation expense	(141,662)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These differences consist of:

Change in compensated absences payable	<u>(4,426)</u>
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Change in net position of governmental activities	<u>\$ 13,737</u>
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The accompanying notes are an integral part of this statement.

Town of Armité City
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2013

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash	\$ 572,425
Accounts receivable, net	<u>133,968</u>
Total current assets	<u>706,393</u>
<u>Restricted Assets</u>	
Cash, cash equivalents, and investments	<u>526,732</u>
<u>Non-current Assets</u>	
Capital assets (net of accumulated depreciation)	<u>8,503,572</u>
Total assets	<u>9,736,697</u>
<u>Liabilities</u>	
<u>Current Liabilities (payable from current assets)</u>	
Accounts payable	42,593
Compensated absences payable	11,462
Due to General Fund	<u>100,543</u>
Total current liabilities (payable from current assets)	<u>154,598</u>
<u>Current Liabilities (payable from restricted assets)</u>	
Customer deposits	112,139
Revenue bonds payable	<u>120,639</u>
Total current liabilities (payable from restricted assets)	<u>232,778</u>
<u>Non-current Liabilities</u>	
Revenue bonds payable	<u>4,961,363</u>
Total non-current liabilities	<u>4,961,363</u>
Total liabilities	<u>5,348,739</u>
<u>Net Position</u>	
Net investment in capital assets	3,421,570
Restricted for Debt Service	414,593
Unrestricted	<u>551,795</u>
Total net position	<u>\$4,387,958</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2013

	<u>Business-type Activity Waterworks and Sewer Fund</u>
<u>Operating Revenues</u>	
Charges for services -	
Water sales	\$ 530,468
Sewer charges	744,876
Delinquent charges	21,395
Connection charges	18,949
Operating grant	140,343
Miscellaneous	629
Total operating revenues	<u>1,456,660</u>
<u>Operating Expenses</u>	
Salaries	225,234
Payroll taxes	14,716
Employee benefits	34,388
Electricity -	
Water pumps	39,760
Sewerage plant	121,808
Repairs/Supplies -	
Water system	80,136
Sewerage system	101,884
Insurance	21,549
Treatment plant expense	6,100
Truck expense	31,267
Office expense	22,143
Sewerage testing	11,566
Engineering	1,564
Professional fees	23,000
Bad debt expense	10,045
Other	9,910
Depreciation	214,806
Total operating expenses	<u>969,876</u>
Net operating income	<u>486,784</u>
<u>Non-operating Revenues (Expenses)</u>	
Interest income	2,769
Capital grants	139,082
Interest expense	(146,029)
Total non-operating expenses	<u>(4,178)</u>
Income before transfers	482,606
<u>Transfers</u>	
From General Fund	<u>18,296</u>
Change in net position	500,902
Total Net Position, Beginning	<u>3,887,056</u>
Total Net Position, Ending	<u>\$ 4,387,958</u>

The accompanying notes are an integral part of this statement.

Town of Amite City
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2013

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 1,407,571
Payments to suppliers	(634,083)
Payments to employees	(274,338)
Net cash provided by operating activities	<u>499,150</u>
<u>Cash flows from noncapital financing activities:</u>	
Transfer from General Fund	<u>18,296</u>
Net cash provided by noncapital financing activities	<u>18,296</u>
<u>Cash flows from capital and related financing activities:</u>	
Decrease in restricted cash for USDA project	105,889
Grant proceeds	139,082
Payments on USDA loans	(29,998)
Payments on DEQ loan	(61,000)
Interest paid	(146,029)
Purchase of capital assets	(31,043)
Payments on construction in progress	(134,862)
Net cash used for capital and related financing activities	<u>(157,961)</u>
<u>Cash flows from investing activities:</u>	
Interest income	<u>2,769</u>
Net cash provided by investing activities	<u>2,769</u>
Net increase in cash and cash equivalents	362,254
Cash balance - beginning of year	<u>210,171</u>
Cash balance - end of year	<u>\$ 572,425</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 486,784
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	214,806
Change in assets and liabilities:	
Receivables, net	118,713
Due to other funds	98,152
Accounts and other payables	(251,503)
Restricted assets	<u>(167,802)</u>
Net cash provided by operating activities	<u>\$ 499,150</u>

The accompanying notes are an integral part of this statement.

Town of Amite City
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	<u>Agency Funds</u>		
	<u>Bond Money Fund</u>	<u>Prisoner Personal Money Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	<u>\$ 17,971</u>	<u>\$ 531</u>	<u>\$18,502</u>
Total Assets	<u>17,971</u>	<u>531</u>	<u>18,502</u>
 <u>Liabilities</u>			
Due to defendants	17,971	-	17,971
Due to prisoners	<u>-</u>	<u>531</u>	<u>531</u>
Total Liabilities	<u>17,971</u>	<u>531</u>	<u>18,502</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

INTRODUCTION

The Town of Amite City, Louisiana (Town) was first incorporated on March 7, 1861. The Town adopted the provisions of Act 136 enacted on July 29, 1898, and became governed under the Lawrason Act. The Town is governed by an elected Mayor and Town Council. The Town provides the following services: public safety - police, streets, drainage, sanitation, culture/recreation, public improvements, planning and zoning, and general and administrative services. Other services include water and sewer services.

The accounting and reporting policies of the Town conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY AND REPORTING MODEL

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the identification of a primary government unit for financial reporting purposes. The GASB has set forth criteria to be considered in determining which governmental entities are primary governments. An entity is a primary government if it satisfies all of the following criteria:

- The entity has a separate governing body elected by the citizenry in a general, popular election.
- The entity is legally separate from other entities.
- The entity is fiscally independent of other state and local governmental entities.

Based on the above criteria the Town has determined that the Town of Amite City, Louisiana, is a primary government and financial reporting entity in accordance with GASB Statement No. 14. The Town has also determined that there are no component units that should be considered part of the Town for financial reporting purposes.

The accompanying basic financial statements of the Town have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. Management has elected to not present the Management's Discussion and Analysis.

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GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make decisions. Following is a discussion on the new elements of the reporting model.

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities). Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on "major" funds. Fund statements present in separate columns the General Fund, followed by major funds, with non-major funds aggregated and displayed in a separate column. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may be reported as a major fund.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND
FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Town implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds:

The Sales Tax Fund accounts for the receipt and use of proceeds of the Town's 2% sales and use tax. The Town Council has dedicated a portion of collections of the sales and use tax, see Note 20 to these financial statements for details.

The Capital Improvements Fund accounts for the receipt and use of funds dedicated to capital improvements.

The Economic Development Fund accounts for the receipt and use of funds dedicated to economic development.

The Arts Council Fund accounts for the receipt and use of funds dedicated to art development.

Proprietary Fund:

Enterprise fund - - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town maintains one enterprise fund, the Waterworks and Sewer Fund, which provides water and sewer services.

Additionally, the Town reports the following fund type:

Fiduciary Funds:

The Bond Money Agency Fund accounts for bond money held by the Town on behalf of the defendants prior to Mayor's court.

The Prisoner Personal Money Agency Fund accounts for the personal money of prisoners being held by the Town during their incarceration. The funds are returned upon the prisoner's release.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1.) Fines and charges to customers or applicants for goods, services, or privileges provided, 2.) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are user fees. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. DEPOSITS AND INVESTMENTS

Cash and cash equivalents includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

E. RECEIVABLES

Receivables are shown net of an allowance for uncollectibles. Uncollectible amounts due for water and sewer charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivables. Uncollectible amounts for property taxes and garbage charges are recorded as a reduction of current revenues.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

G. RESTRICTED ASSETS

Restricted assets consist of cash resources in the General Fund from drug seizures and cash resources of the enterprise fund set aside for repayment of customer deposits and debt services. See Notes 14, 16, and 18 in regards to the revenue bond covenants that require the Town to set aside cash resources and revenue bond requirements.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

H. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed. As a Phase III government under GASB Statement No. 34, the Town elects not to retroactively report infrastructure assets prior to June 30, 2003.

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities -	
Buildings and building improvements	20 - 40 Years
Furniture and fixtures	5 - 10 Years
Vehicles	5 Years
Equipment	5 - 15 Years
Water and Sewer Utility -	
Wells	25 Years
Storage tanks	40 Years
Lines and meters	40 Years
Sewerage system	40 Years

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

I. COMPENSATED ABSENCES

The Town has the following policy regarding annual and sick leave.

The earning of such leave shall be based on the equivalent of years of full-time service with the Town and for an employee having an administrative work week of five days shall be creditable at the end of each month in accordance with, or proportionate to, the following:

- a. Less than one year of service, at the rate of 3.33 hours of annual leave and 4 hours of sick leave per month.
- b. One year but less than ten years of service, at the rate of 6.67 hours of annual leave and 8 hours of sick leave per month.

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As of and for the Year Ended June 30, 2013

- c. Ten years or more of service, at the rate of 10 hours annual leave and 8 hours of sick leave per month.

Accrued unused annual leave earned by an employee shall be carried forward to the succeeding fiscal year but not in excess of 240 hours. Accrued unused sick leave earned by an employee shall be carried forward to the succeeding fiscal year without limitation.

Upon termination, all unused annual leave accrued by an employee shall be paid to the terminating employee not to exceed 240 hours. Employees with less than one year of full-time employment are not considered vested for annual leave purposes and any annual leave accrued upon termination shall be canceled.

Employees who resign or who are dismissed from employment shall not be paid for any accrued sick leave and all such leave shall be canceled.

Employees who retire at or after age 60 with at least 10 years of creditable full-time employment or at or after age 55 with at least 30 years of creditable full-time employment are entitled (as an employment benefit) to be paid for unused sick leave computed as follows:

For each year of creditable employment, an employee will be paid at date of retirement unused accrued sick leave at an amount equal to 1.67 percent for each year of creditable employment not to exceed 50 percent of the retiring employee's unused sick leave at date of retirement.

The Town maintains its sick leave records in units of hours (or days). The amount to be paid shall be the percent determined in the preceding paragraph multiplied by the unused sick leave hours at the employee's final-average hourly salary. Final-average hourly salary is the employee's average salary over the last 36 consecutive months at date of retirement. Retirement for this purpose shall be the same as defined by the Municipal Employees' Retirement System of Louisiana.

The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded as a liability in the General Fund. Leave privileges associated with employees of the proprietary fund are recorded as a fund liability and operating expense. The current and noncurrent portions are recorded in the government-wide financial statements.

No liability is reported for unpaid accumulated sick leave.

NOTES TO FINANCIAL STATEMENTS
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J. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if any, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize both premiums and discounts, if any, as well as bond issuance costs, if any, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances, if any, are reported as other financing sources while discounts on debt issuances, if any, are reported as other financing uses.

K. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

L. FUND EQUITY

Governmental fund equity is classified as fund balance. Beginning with fiscal year ending June 30, 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either not in spendable form or they are legally contractually required to be maintained intact.

The Town does not have anything that can be classified as Nonspendable Fund Balance.

- **Restricted:** This classification includes amounts in which the use of resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) impositions by law through constitutional provisions or enabling legislation.

The Town has classified fund balance in the General Fund as restricted due to the constraints of the Twenty-First Judicial District regarding seized drug money.

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As of and for the Year Ended June 30, 2013

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council, which is the Town's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The Town has committed resources in the Sales Tax Fund, the Economic Development Fund, and the Arts Council Fund. In the Sales Tax Fund, the Town Council has committed these resources to the repayment of the DEQ loan and funding of certain accounts per the bond ordinance dated December 16, 2001, the repayment of the USDA sewer loan and funding of certain accounts per the bond ordinance dated June 1, 2010, and the repayment of the USDA water loan and funding of certain accounts per the bond ordinance dated January 4, 2011. In the Economic Development Fund, the Town has committed resources dedicated to economic development per Ordinance No. 10-2003. In the Arts Council Fund, the Town has committed resources per Ordinance No. 4-1999.

- **Assigned:** This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Town's governing body itself or a committee or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

The Town has assigned the fund balance in the Capital Improvements Fund. Assigned Fund Balance in the Capital Improvements represents the money appropriated through the budget ordinance of the Town set aside specifically for Capital Improvements. Town Council approval must be obtained prior to any expenditure from this fund.

- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Town will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Town's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

M. ESTIMATES

The preparation of financial statements in conformance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenditures, and expenses during the report period. Actual results could differ from those estimates.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. For the purpose of the statement of activities, all interfund transfers between funds have been eliminated.

O. ELIMINATION AND RECLASSIFICATION

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

P. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town in October and billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Tangipahoa Parish.

Q. SALES TAXES

The Town assesses a 2% sales and use tax. The Mayor and Town Council have dedicated a portion of the sales and use tax, see Note 20 to these financial statements for details.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS

Formal budgetary accounting is employed as a management control for all governmental funds of the Town. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgets are prepared and adopted in accordance with the Louisiana Local Government Budget Act. Budgetary control is exercised at the fund level for each fund.

All budget appropriations lapse at the end of each fiscal year.

The original proposed budget for the General Fund and all special revenue funds was made available for public inspection on June 5, 2012. A public hearing was held at the Town's city hall on June 25, 2012. The original budget was adopted on June 25, 2012.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
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The budgets of the General Fund and all special revenue funds were amended once during the fiscal year with the final amendment taking place on June 28, 2013.

B. FUND DEFICITS

The General Fund had a (deficit) in unassigned fund balance as of June 30, 2013, of \$(28,327).

(3) DEPOSITS AND INVESTMENTS

At June 30, 2013, the Town had deposits and investments (book balances) totaling \$1,476,357 (including \$18,502 in the fiduciary funds) as follows:

Petty cash	\$ 268
Interest-bearing demand deposits	1,409,743
Investment in 12-month certificate of deposit	<u>66,346</u>
Total	<u>\$1,476,357</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Per GASB Statement 3, as amended by GASB 40; the Town's deposits are exposed to custodial credit risk since the collateral pledged by the fiscal agent is not held in the Town's name.

At June 30, 2013, the Town has \$1,574,806 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$1,324,806 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(4) RECEIVABLES

Receivables at June 30, 2013, consist of the following:

<u>Class of Receivables</u>	<u>Special General</u>	<u>Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Taxes -				
Franchise	\$35,319	\$ -	\$ -	\$ 35,319
Sales	-	235,970	-	235,970
Occupational licenses	30,128	-	-	30,128
Accounts -				
Prisoner housing fees	1,463	-	-	1,463
Garbage	26,970	-	-	26,970
Water and Sewer	-	-	153,968	153,968
Less: Allowance for Uncollectibles	(5,000)	-	(20,000)	(25,000)
Intergovernmental -				
Beer taxes	2,458	-	-	2,458
Department of Public Safety	4,874	-	-	4,874
Grants	1,831	-	-	1,831
Other	1,799	-	-	1,799
Totals	<u>\$99,842</u>	<u>\$235,970</u>	<u>\$133,968</u>	<u>\$ 469,780</u>

An allowance account for taxes receivable is not considered necessary.

(5) AD VALOREM TAXES

For the year ended June 30, 2013, taxes of 4.94 mills were levied on property with assessed valuations totaling \$24,261,784. Total taxes levied were \$119,853. Taxes receivable at June 30, 2013, were nil.

(6) RESTRICTED ASSETS - GOVERNMENTAL FUNDS AND PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2013:

Governmental Funds:

General Fund - Drug seizure cash	<u>\$3,564</u>
	<u>\$3,564</u>

Proprietary Fund:

Customers' deposits - cash and investments	\$112,139
Revenue Bond requirements funds - DEQ & USDA	<u>414,593</u>
	<u>\$526,732</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(7) CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	Balance *			Balance
<u>Governmental Activities:</u>	<u>06/30/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/13</u>
Capital assets not depreciated:				
Land and land improvements	\$ 585,882	\$ -	\$ -	\$ 585,882
Construction in progress	27,750	-	-	27,750
Inactive assets	-	64,012	-	64,012
Total capital assets, not depreciated	<u>613,632</u>	<u>64,012</u>	<u>-</u>	<u>677,644</u>
Capital assets, being depreciated:				
Buildings	1,208,951	-	-	1,208,951
Improvements	460,241	-	-	460,241
Vehicles	609,866	19,465	72,740	556,591
Office Equipment	29,161	2,056	-	31,217
Furniture & Fixtures	25,793	-	-	25,793
Machinery & Equipment	<u>510,132</u>	<u>2,285</u>	<u>-</u>	<u>512,417</u>
Total capital assets, being depreciated	<u>2,844,144</u>	<u>23,806</u>	<u>72,740</u>	<u>2,795,210</u>
Less: Accumulated depreciation:				
Buildings	558,464	27,973	-	586,437
Improvements	367,760	8,178	-	375,938
Vehicles	335,886	74,537	8,728	401,695
Office Equipment	23,087	2,487	-	25,574
Furniture & Fixtures	20,513	1,392	-	21,905
Machinery & Equipment	<u>396,069</u>	<u>27,095</u>	<u>-</u>	<u>423,164</u>
Total accumulated depreciation	<u>1,701,779</u>	<u>141,662</u>	<u>8,728</u>	<u>1,834,713</u>
Total capital assets, being depreciated, net	<u>1,142,365</u>	<u>(117,856)</u>	<u>64,012</u>	<u>960,497</u>
Governmental activities capital assets, net	<u>\$1,755,997</u>	<u>\$ (53,844)</u>	<u>\$ 64,012</u>	<u>\$1,638,141</u>

*Restated

Depreciation was charged to governmental functions as follows:

General government	\$ 9,742
Public safety	77,865
Streets	22,061
Sanitation	15,959
Parks and recreation	9,718
Community center	6,317
Total	<u>\$ 141,662</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2013:

<u>Business-type activity:</u>	<u>Balance 06/30/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/13</u>
Capital assets, not being depreciated				
Land - water	\$ 36,392	\$ -	\$ -	\$ 36,392
Land - sewer	25,957	-	-	25,957
Construction in progress	<u>2,631,632</u>	<u>134,862</u>	<u>2,766,494</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,693,981</u>	<u>134,862</u>	<u>2,766,494</u>	<u>62,349</u>
Capital assets, being depreciated				
Wells	1,006,441	-	-	1,006,441
Storage tanks	643,730	-	-	643,730
Water lines and meters	1,064,242	1,171,203	-	2,235,445
Sewerage system	5,003,476	1,611,090	-	6,614,566
Equipment	<u>180,488</u>	<u>15,242</u>	<u>3,700</u>	<u>192,030</u>
Total capital assets, being depreciated	<u>7,898,377</u>	<u>2,797,535</u>	<u>3,700</u>	<u>10,692,212</u>
Less accumulated depreciation for:				
Wells	129,464	22,566	-	152,030
Storage tanks	278,696	11,407	-	290,103
Water lines and meters	508,703	39,335	-	548,038
Sewerage system	987,327	131,479	-	1,118,806
Equipment	<u>135,693</u>	<u>10,019</u>	<u>3,700</u>	<u>142,012</u>
Total accumulated depreciation	<u>2,039,883</u>	<u>214,806</u>	<u>3,700</u>	<u>2,250,989</u>
Total capital assets, being depreciated, net	<u>5,858,494</u>	<u>2,582,729</u>	<u>-</u>	<u>8,441,223</u>
Business-type activities capital assets, net	<u>\$ 8,552,475</u>	<u>\$2,717,591</u>	<u>\$ 2,766,494</u>	<u>\$ 8,503,572</u>

Depreciation expense was charged to the business-type activity as follows:

Waterworks and Sewer Fund	<u>\$ 214,806</u>
Total	<u>\$ 214,806</u>

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(8) PENSION PLAN

Some of the police department employees of the Town are members of the Municipal Police Employees' Retirement System of Louisiana (System). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The Town entered into a Section 218 agreement with the Social Security Administration effective January 1, 1954, which exempts police department employees from mandatory participation in the System. Pertinent information relative to the plan follows:

Municipal Police Employees' Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System unless exempted. Employees who retire at any age with 25 years of creditable service or at age 50 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 7722 Office Park Blvd, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 26.5 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Amite City contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$129,864, \$117,676, and \$100,549, respectively, equal to the required contributions for each year.

(9) DEFERRED COMPENSATION PLAN

The Town offers all town employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The Town matches the employees' contributions up to 7 percent of covered salaries. The assets of the plan are held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

to or from the account, and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Town of Amite City's financial statements.

(10) RETIREMENT SYSTEM

Employees of the Town who are not participants in the Municipal Police Employees' Retirement System of Louisiana are members of the social security system. In addition to employee payroll deductions, Town funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended June 30, 2013, were \$235,705 of which \$117,852 was contributed by the Town.

(11) COMPENSATED ABSENCES

At June 30, 2013, employees of the Town have accumulated and vested \$101,459 of employee leave benefits which was computed in accordance with GASB Codification Section C60. Of this amount, \$89,997 is recorded as an obligation of the General Fund. The leave liability for employees of the Enterprise Fund of \$11,462 is accounted for within the fund.

(12) LEASES

The Town records items under capital leases as assets and obligations in the accompanying financial statements. There were no capital leases as of June 30, 2013.

(13) LONG-TERM DEBT

A. SUMMARY OF CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term obligation transactions for the year ended June 30, 2013:

	<u>Balance</u> <u>07/01/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/13</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Compensated absences	\$ 85,571	\$14,534	\$10,108	\$ 89,997	\$ 14,000
Total government activities	<u>\$ 85,571</u>	<u>\$14,534</u>	<u>\$10,108</u>	<u>\$ 89,997</u>	<u>\$ 14,000</u>
<u>Business-type Activities:</u>					
Revenue bonds payable - DEQ	\$ 916,000	\$ -	\$61,000	\$ 855,000	\$ 64,000
Revenue bonds payable - USDA - Sewer	2,262,000	-	28,049	2,233,951	29,007
Revenue bonds payable - USDA - Water	<u>1,995,000</u>	<u>-</u>	<u>1,949</u>	<u>1,993,051</u>	<u>27,632</u>
Total business-type activities	<u>\$5,173,000</u>	<u>\$ -</u>	<u>\$90,998</u>	<u>\$5,082,002</u>	<u>\$120,639</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

B. BONDS

Revenue bonds payable are comprised of the following issue:

- a.) \$1,330,000 Utilities Revenue Bonds, Series 2002, dated January 10, 2003.

Due in annual installments of \$45,000 to \$94,000 through January 1, 2024;
interest at 3.45% payable semi-annually January 1 and July 1 each year. \$855,000

- b.) \$2,262,000 Utilities Revenue Bonds, Series 2011A, dated June 14, 2011.

Due in annual installments of \$28,000 to \$103,000 starting in January 2013
ending January 2051; interest at 3.5% payable annually starting
January 2012. \$2,233,951

- c.) \$1,995,000 Utilities Revenue Bonds, Series 2011B, dated January 31, 2012.

Due in annual installments of \$27,000 to \$84,000 starting in January 2014
ending January 2052; interest at 3.0% payable annually starting
January 2013. \$1,993,051

C. DEBT SERVICE REQUIREMENTS TO MATURITY

1. The annual requirements to amortize the Revenue Bonds - DEQ debt outstanding as of June 30, 2013, including interest, are as follows:

Revenue Bonds Payable - DEQ

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 64,000	\$ 29,498	\$ 93,498
2015	66,000	27,289	93,289
2016	69,000	25,013	94,013
2017	71,000	22,632	93,632
2018	74,000	20,182	94,182
2019-2023	417,00	60,513	477,513
2024	94,000	3,243	97,243
	<u>\$855,000</u>	<u>\$188,370</u>	<u>\$1,043,370</u>

The Town has agreed to pay DEQ an annual administrative fee of .5% of the outstanding principal.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

2. The annual requirements to amortize the Revenue Bonds - USDA - Sewer debt outstanding as of June 30, 2013, including interest, are as follows:

Revenue Bonds Payable - USDA - Sewer

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 29,007	\$ 78,189	\$ 107,196
2015	30,022	77,174	107,196
2016	31,073	76,123	107,196
2017	32,161	75,035	107,196
2018	33,286	73,910	107,196
2019-2023	184,744	351,237	535,981
2024-2028	219,418	316,563	535,981
2029-2033	260,600	275,381	535,981
2034-2038	309,511	226,470	535,981
2039-2043	367,602	168,379	535,981
2044-2048	436,596	99,385	535,981
2049-2051	299,931	21,223	321,154
	<u>\$2,233,951</u>	<u>\$1,839,069</u>	<u>\$4,073,020</u>

3. The annual requirements to amortize the Revenue Bonds - USDA - Water debt outstanding as of June 30, 2013, including interest, are as follows:

Revenue Bonds Payable - USDA - Water

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	27,632	59,850	87,482
2015	28,461	59,021	87,482
2016	29,315	58,167	87,482
2017	30,194	57,288	87,482
2018	31,100	56,382	87,482
2019-2023	170,067	267,343	437,410
2024-2028	197,156	240,254	437,410
2029-2033	228,557	208,853	437,410
2034-2038	264,960	172,450	437,410
2039-2043	307,162	130,248	437,410
2044-2048	356,084	81,326	437,410
2049-2052	322,363	24,640	347,003
	<u>\$1,993,051</u>	<u>\$1,415,822</u>	<u>\$3,408,873</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(14) DEDICATION OF PROCEED & FLOW OF FUNDS - UTILITIES REVENUE - DEQ

The Town through its governing authority adopted an ordinance on December 16, 2001, authorizing the issuance of Utilities Revenue Bonds, Series 2002, in the amount of \$1,330,000 to pay for the cost of constructing and acquiring improvements and renovations to the sewerage system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality providing for the sale and delivery of said bonds to the Department of Environmental Quality; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds; and entering into certain covenants and agreements in connection with the security and payment of said bonds. In that ordinance and the Loan and Pledge Agreement, the income and revenues of the combined sewerage system and waterworks system are irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that ordinance and the Loan and Pledge Agreement, certain funds are required to be established to account for the receipt and disbursement of System (water and sewer) revenues. An analysis of these accounts is provided as follows:

Revenue Fund - The bond ordinance and the Loan and Pledge Agreement require that all revenues of the System shall be deposited daily in a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Revenue Fund". The revenues deposited into the Revenue Fund shall be expended in the following priority:

- 1.) Pay all reasonable and necessary expenses of operating and maintaining the Sewerage System
- 2.) Establish and fund a Sinking Fund as follows:

Moneys from the Revenue Fund shall be deposited into the Sinking Fund in amounts sufficient to pay promptly and fully the principal of and interest on the Borrower Bonds and any Parity Obligations issued hereafter as they severally become due and payable.

Moneys from the Revenue Fund shall be transferred into the "Sinking Fund" monthly in advance on or before the twentieth (20th) day of each month of each year in an amount equal to the principal, interest, and administrative fee accruing with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal, interest, and administrative fee as the same respectively become due.

Money in the Sinking Fund shall be deposited as trust funds and shall be used solely and are hereby expressly exclusively pledged for the purpose of paying principal of, interest on, and administrative fee, if any, with respect to the Borrower Bonds and any Parity Obligations. The borrower shall require its fiscal agent bank to transfer from the Sinking Fund to the paying agent (as defined in the Authorizing Ordinance) and any other paying agent bank or bank for any Parity Obligations payable from the Sinking Fund at least three (3) days in advance of each interest payment date and principal payment date, funds fully sufficient to pay promptly the principal and interest falling due on such dates.

At June 30, 2013, the Town was in compliance with this covenant.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

3.) Establish and fund a Reserve Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Reserve Fund" a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month until such fund has accumulated an amount equal to the highest combined debt service in any future bond year (\$97,243).

Money in the Reserve Fund is to be retained solely for the purpose of payment of the principal of and interest on all obligations payable from the Sinking Fund for which sufficient funds are not on deposit in the Sinking Fund.

At June 30, 2013, the Town was in **compliance** with this covenant.

4.) Establish and fund a Renewal and Replacement Fund as follows:

There is to be established and maintained with a Fiscal Agent Bank pursuant to the Authorizing Ordinance a separately identifiable fund or account designated as the "Renewal and Replacement Fund". There shall be transferred to the Renewal and Replacement Fund, on or before the twentieth (20th) day of each month of each year, an amount equal to five percent (5%) of the Net Revenues of the System collected in the prior calendar month; provided, however, that no payment need be made into the Renewal and Replacement Fund at any time if the balance in such Fund equals or exceeds \$125,000. All moneys in the Renewal and Replacement Fund may be drawn on and used by the Borrower for the purpose of paying the costs of any unusual and extraordinary maintenance and any repairs, replacements, extensions, and improvements to the System which will either enhance its revenue producing capacity or provide a higher degree of service.

Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sinking Fund or the Reserve Fund.

At June 30, 2013, the Town was **not in compliance** with this covenant.

At June 30, 2013, the required balance in the Renewal and Replacement Fund was \$70,289; however, the actual balance was \$50,174. The account was under funded by \$20,115.

(15) COMPLIANCE WITH UTILITIES REVENUE BONDS COVENANTS - DEQ

The Town through its governing authority adopted an ordinance on December 16, 2001, authorizing the Utilities Revenue Bonds, Series 2002, in the amount of \$1,330,000 to pay for the cost of constructing and acquiring improvements and renovations to the sewerage system of the Town and authorized the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality. That bond ordinance and agreement contained certain covenants and agreements in connection with the security and payment of the bonds. The major covenants contained in the bond resolution and agreement and the manner in which the Town has complied with these covenants is described as follows:

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

Rate Covenant - In the bond ordinance and agreement, the Town obligated itself to fix, establish, maintain, and collect such rates, fees, rents, and other charges of the services and facilities of the System and to revise rates whenever necessary to provide revenues in each fiscal year sufficient to:

- a. pay the reasonable and necessary expenses of operating and maintaining the System in such fiscal year as are not paid from other lawfully available sources including, without limitation, the proceeds of the Borrower's 2% sales and use taxes now being levied pursuant to an election held on "November 18, 1981";
- b. provide net revenues in an amount equal to "1.25%" of the required deposits to the Sinking Fund and administrative fee for such fiscal year;
- c. make all other payments required for such fiscal year hereby and by the authorizing Ordinance, and any resolution or ordinance issuing parity obligations; and
- d. pay all other obligations or indebtedness payable out of the revenues for such fiscal year. Such rates, fees, rents, and other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for aforesaid purposes. To the extent that revenues from other lawfully available sources are used to pay the reasonable and necessary expenses of operating and maintaining the System, then such rates, fees, rents, and other charges may be correspondingly reduced.

For the fiscal year ended June 30, 2013, operating receipts for the system totaled \$1,459,429. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,110,415. The Town was in compliance with items a., b., c., and d. of the above rate covenant for the year ended June 30, 2013.

In connection with the rate covenant, the bond ordinance also contains specific procedures with regards to delinquent utility customers. The Town agreed that the failure of any person to pay the charges for any service rendered by the System within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within thirty (30) days from the date on which it became delinquent, the Town will shut off water and sewer services to the affected premises.

The delinquent charge will be ten percent (10%) of the amount of the charge, and the amount so due, including the penalty charge, shall, after ten (10) days from the date of delinquency, bear interest at a reasonable rate of at least six percent (6%) per annum.

If a delinquent customer has had his service discontinued, the customer shall pay the delinquent charge, penalty, interest, and a reasonable re-connection charge in order to resume service.

At June 30, 2013, the Town was in compliance with the delinquent utility customers section of the bond ordinance. The Town was adhering to the thirty (30) day cut-off.

The bond ordinance states that the delinquent charge will be 10 percent (10%) of the charge for water and sewer service. The Town charges a flat rate of \$6.00 to all residential customers. In regards to the residential customers this amount is sufficient. The Town charges a 10 percent (10%) penalty for all commercial customers.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

Annual Review of Users Fees- In the Loan and Pledge Agreement, the Town is required to review at least annually the adequacy of its user fees to satisfy the requirements of the rate covenant.

At June 30, 2013, the Town is in **compliance** with this covenant.

Records, Accounts, and Audit Requirements- The bond ordinance and loan agreement requires the Town to maintain and keep accurate records and accounts for the System separate and distinct from its other records and accounts. These System records shall be maintained in accordance with generally accepted accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 2013, the Town was in **compliance** with this covenant as the Town was under contract with a certified public accountant for an audit of its records for the year ended June 30, 2013.

Insurance and Fidelity Bonds- The bond ordinance requires the Town to carry full coverage of insurance on the System while the loan agreement requires the Town to maintain insurance policies that will provide against the risk of direct physical loss, damage, or destruction of the System including liability coverage. In addition, per the bond ordinance the Town is required to obtain fidelity bonds on all its officers and employees in a position of authority or in possession of money derived from the operation of the System. The amount of coverage should be adequate to protect the Town from loss.

At June 30, 2013, the Town was in **compliance** with this covenant.

Other Covenants- The loan agreement requires the Town to establish a user charge to assure that each recipient of wastewater treatment services from the System will pay such recipient's proportionate share of the costs of operation and maintenance, including any necessary replacements of components of the Sewerage System.

At June 30, 2013, the Town was in **compliance** with this requirement.

(16) DEDICATION OF PROCEED & FLOW OF FUNDS - UTILITIES REVENUE - USDA - SEWER

The Town through its governing authority adopted an ordinance on June 1, 2010, authorizing the issuance of Utilities Revenue Bonds, Series 2011A, in the amount of \$2,262,000 to pay for the cost to construct and acquire improvements, extensions, renovations and/or replacements to the sewerage system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the United States Department of Agriculture - Rural Development providing for the sale and delivery of said bonds to the United States Department of Agriculture - Rural Development; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds, entering into certain covenants and agreements in connection with the security and payment of said bonds. In that ordinance and the Loan and Pledge Agreement, the income and revenues of the combined sewerage system and waterworks system are irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that ordinance and the Loan and Pledge Agreement, certain funds are required to be established as follows:

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

Utilities System Fund - The bond ordinance and the Loan and Pledge Agreement require that all revenues of the System shall be deposited in a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Utilities System Fund". The revenues deposited into the Utilities System Fund shall be expended in the following priority:

- 1.) Pay all reasonable and necessary expenses of operating and maintaining the Sewerage System
- 2.) Establish and fund a Sinking Fund as follows:

Moneys from the Utilities System Fund shall be deposited into the Sinking Fund in amounts sufficient to pay promptly and fully the principal of and interest on the Borrower Bonds and any Parity Obligations issued or hereafter as they severally become due and payable.

Moneys from the Utilities System Fund shall be transferred into the "Sinking Fund" monthly in advance on or before the twentieth (20th) day of each month of each year in an amount equal to the principal and interest with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.

Money in the Sinking Fund shall be deposited as trust funds and shall be used solely and are hereby expressly exclusively pledged for the purpose of paying principal of, interest on, and administrative fee, if any, with respect to the Borrower Bonds and any Parity Obligations. The borrower shall require its fiscal agent bank to transfer from the Sinking Fund to the paying agent (as defined in the Authorizing Ordinance) and any other paying agent bank or bank for any Parity Obligations payable from the Sinking Fund at least three (3) days in advance of each Interest payment date and principal payment date, funds fully sufficient to pay promptly the principal and interest falling due on such dates.

At June 30, 2013, the Town was in **compliance** with this covenant.

- 3.) Establish and fund a Reserve Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the Utilities Revenue Bond Reserve Fund, "Reserve" a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month until such fund has accumulated an amount equal to the Reserve Fund Requirement; which is \$204,909 thru 2024.

At June 30, 2013, the Town was in **compliance** with this covenant.

- 4.) Establish and fund a Utilities Depreciation and Contingency Fund as follows:

There is to be established and maintained with a Fiscal Agent Bank pursuant to the Authorizing Ordinance a separately identifiable fund or account designated as the "Utilities Depreciation and Contingency Fund". There shall be transferred to the Contingency Fund, on or before the twentieth (20th) day of each month of each year, an amount equal to five percent (5%) of the amount to be paid into the sinking fund.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sinking Fund or the Reserve Fund.

At June 30, 2013, the Town was in compliance with this covenant.

5.) Establish and fund a Sewer Component Short-Lived Assets Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the Sewer Component Short-Lived Assets Fund, (the "Assets Fund") to provide for the maintenance and replacement of short lived assets of the System. The transfer shall be \$1,304 per month over the life of the bonds.

At June 30, 2013, the Town was in compliance with this covenant.

(17) COMPLIANCE WITH UTILITIES REVENUE BONDS COVENANTS - USDA - SEWER

The Town through its governing authority adopted an ordinance on June 1, 2010, authorizing the issuance of Utilities Revenue Bonds, Series 2011A, in the amount of \$2,262,000 to pay for the cost to construct and acquire improvements, extensions, renovations and/or replacements to the sewerage system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the United States Department of Agriculture - Rural Development providing for the sale and delivery of said bonds to the United States Department of Agriculture - Rural Development; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds, entering into certain covenants and agreements in connection with the security and payment of said bonds.

The major covenants contained in the bond resolution and agreement and the manner in which the Town has complied with these covenants is described as follows:

Rate Covenant - In the bond ordinance and agreement, the Town obligated itself to fix, establish, maintain, and collect such rates, fees, rents, and other charges of the services and facilities of the System and to revise rates whenever necessary to provide revenues in each fiscal year sufficient to:

- a. pay the reasonable and necessary expenses of operating and maintaining the System;
- b. to provide for the payment of this sewer bond and the DEQ loan;
- c. provide a reserve therefore and all other obligations or indebtedness payable out of the revenues of the System;
- d. provide reasonable depreciation and contingency funds to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System; and
- e. provide net revenues in an amount equal to 120% of the largest amount of principal and interest on the DEQ loan and this sewer loan and any additional bonds hereafter.

For the fiscal year ended June 30, 2013, operating receipts for the system totaled \$1,459,429. For the same period, operating disbursements, including required deposits into the various debt service funds,

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

totaled \$1,110,415. The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2013.

In connection with the rate covenant, the bond ordinance also contains specific procedures with regards to delinquent utility customers. The Town agreed that the failure of any person or business to pay the charges for any service rendered by the System within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within ten (10) days from the date on which it became delinquent, the Town will shut off water and sewer services to the affected premises.

The delinquent charge will be ten percent (10%) of the amount of the charge, and the amount so due, including the penalty charge, shall, after thirty (30) days from the date of delinquency, bear interest at a reasonable rate of at least six percent (6%) per annum.

If a delinquent customer has had their service discontinued, the customer shall pay the delinquent charge, penalty, interest, and a reasonable re-connection charge in order to resume service.

At June 30, 2013, the Town was in **compliance** with the delinquent utility customers section of the bond ordinance. The Town was adhering to the thirty (30) day cut-off.

The bond ordinance states that the delinquent charge will be 10 percent (10%) of the charge for water and sewer service. The Town charges a flat rate of \$6.00 to all residential customers. In regards to the residential customers this amount is sufficient. The Town charges a 10 percent (10%) penalty for all commercial customers. Beginning in January 2014, all customers will be charged 10 percent (10%).

Records, Accounts, and Audit Requirements- The bond ordinance and loan agreement requires the Town to maintain and keep accurate records and accounts for the System separate and distinct from its other records and accounts. These System records shall be maintained in accordance with generally accepted accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 2013, the Town was in **compliance** with this covenant as the Town was under contract with a certified public accountant for an audit of its records for the year ended June 30, 2013.

Insurance and Fidelity Bonds- The bond ordinance requires the Town to carry full coverage of insurance on the System while the loan agreement requires the Town to maintain insurance policies that will provide against the risk of direct physical loss, damage, or destruction of the System including liability coverage. In addition, per the bond ordinance the Town is required to obtain fidelity bonds on all its officers and employees in a position of authority or in possession of money derived from the operation of the System. The amount of coverage should be adequate enough to protect the Town from loss.

At June 30, 2013, the Town was in **compliance** with this covenant.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(18) DEDICATION OF PROCEED & FLOW OF FUNDS - UTILITIES REVENUE - USDA - WATER

The Town through its governing authority adopted an ordinance on January 4, 2011, authorizing the issuance of Utilities Revenue Bonds, Series 2011B, in the amount of \$1,995,000 to pay for the cost of constructing and acquiring improvements and renovations to the water system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the United States Department of Agriculture - Rural Development providing for the sale and delivery of said bonds to the United States Department of Agriculture - Rural Development; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds; and entering into certain covenants and agreements in connection with the security and payment of said bonds. In that ordinance and the Loan and Pledge Agreement, the income and revenues of the combined sewerage system and waterworks system are irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that ordinance and the Loan and Pledge Agreement, certain funds are required to be established as follows:

- **Utilities System Fund** - The bond ordinance and the Loan and Pledge Agreement require that all revenues of the System shall be deposited in a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Utilities System Fund". The revenues deposited into the Utilities System Fund shall be expended in the following priority:

1.) Pay all reasonable and necessary expenses of operating and maintaining the Water System

2.) Establish and fund a Sinking Fund as follows:

Moneys from the Utilities System Fund shall be deposited into the Sinking Fund in amounts sufficient to pay promptly and fully the principal of and interest on the Borrower Bonds and any Parity Obligations issued or hereafter as they severally become due and payable.

Moneys from the Utilities System Fund shall be transferred into the "Sinking Fund" monthly in advance on or before the twentieth (20th) day of each month of each year in an amount equal to the principal and interest with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.

Money in the Sinking Fund shall be deposited as trust funds and shall be used solely and are hereby expressly exclusively pledged for the purpose of paying principal of, interest on, and administrative fee, if any, with respect to the Borrower Bonds and any Parity Obligations. The borrower shall require its fiscal agent bank to transfer from the Sinking Fund to the paying agent (as defined in the Authorizing Ordinance) and any other paying agent bank or bank for any Parity Obligations payable from the Sinking Fund at least three (3) days in advance of each Interest payment date and principal payment date, funds fully sufficient to pay promptly the principal and interest falling due on such dates.

At June 30, 2013, the Town was in **compliance** with this covenant.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

3.) Establish and fund a Reserve Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the Utilities Revenue Bond Reserve Fund, "Reserve" a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month until such fund has accumulated an amount equal to the Reserve Fund Requirement; which is \$291,860 thru 2052.

At June 30, 2013, the Town was **not in compliance** with this covenant.

At June 30, 2013, the required balance in the Reserve Fund was \$14,580.32; however, the actual balance was \$6,734.02. The account was under funded by \$7,846.30.

4.) Establish and fund a Utilities Depreciation and Contingency Fund as follows:

There is to be established and maintained with a Fiscal Agent Bank pursuant to the Authorizing Ordinance a separately identifiable fund or account designated as the "Utilities Depreciation and Contingency Fund". There shall be transferred to the Contingency Fund, on or before the twentieth (20th) day of each month of each year, an amount equal to five percent (5%) of the amount to be paid into the sinking fund.

Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sinking Fund or the Reserve Fund.

At June 30, 2013, the Town was **not in compliance** with this covenant.

At June 30, 2013, the required balance in the Utilities Depreciation and Contingency Fund was \$2,916.08; however, the actual balance was \$2,426.96. The account was under funded by \$489.12.

5.) Establish and fund a Water Component Short-Lived Assets Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the Water Component Short-Lived Assets Fund, (the "Assets Fund") to provide for the maintenance and replacement of short lived assets of the System. The transfer shall be \$2,400 per month over the life of the bonds.

At June 30, 2013, the Town was **not in compliance** with this covenant.

At June 30, 2013, the required balance in the Assets Fund was \$19,200 ; however, the actual balance was \$14,508.84. The account was under funded by \$4,691.16.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(19) COMPLIANCE WITH UTILITIES REVENUE BONDS COVENANTS - USDA - WATER

The Town through its governing authority adopted an ordinance on January 4, 2011, authorizing the issuance of Utilities Revenue Bonds, Series 2011B, in the amount of \$1,995,000 to pay for the cost of constructing and acquiring improvements and renovations to the water system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the United States Department of Agriculture - Rural Development providing for the sale and delivery of said bonds to the United States Department of Agriculture - Rural Development; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds; and entering into certain covenants and agreements in connection with the security and payment of said bonds.

The major covenants contained in the bond resolution and agreement and the manner in which the Town has complied with these covenants is described as follows:

Rate Covenant - In the bond ordinance and agreement, the Town obligated itself to fix, establish, maintain, and collect such rates, fees, rents, and other charges of the services and facilities of the System and to revise rates whenever necessary to provide revenues in each fiscal year sufficient to:

- a. pay the reasonable and necessary expenses of operating and maintaining the System;
- b. to provide for the payment of this water bond, the sewer bond, and the DEQ loan;
- c. provide a reserve therefore and all other obligations or indebtedness payable out of the revenues of the System;
- d. provide reasonable depreciation and contingency funds to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System; and
- e. provide net revenues in an amount equal to 120% of the largest amount of principal and interest on the DEQ loan and this sewer loan and any additional bonds hereafter.

For the fiscal year ended June 30, 2013, operating receipts for the system totaled \$1,457,741. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,110,415. The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2013.

In connection with the rate covenant, the bond ordinance also contains specific procedures with regards to delinquent utility customers. The Town agreed that the failure of any person or business to pay the charges for any service rendered by the System within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within ten (10) days from the date on which it became delinquent, the Town will shut off water and sewer services to the affected premises.

The delinquent charge will be ten percent (10%) of the amount of the charge, and the amount so due, including the penalty charge, shall, after thirty (30) days from the date of delinquency, bear interest at a reasonable rate of at least six percent (6%) per annum.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

If a delinquent customer has had their service discontinued, the customer shall pay the delinquent charge, penalty, interest, and a reasonable re-connection charge in order to resume service.

At June 30, 2013, the Town was in compliance with the delinquent utility customers section of the bond ordinance. The Town was adhering to the thirty (30) day cut-off.

The bond ordinance states that the delinquent charge will be 10 percent (10%) of the charge for water and sewer service. The Town charges a flat rate of \$6.00 to all residential customers. In regards to the residential customers this amount is sufficient. The Town charges a 10 percent (10%) penalty for all commercial customers.

Records, Accounts, and Audit Requirements- The bond ordinance and loan agreement requires the Town to maintain and keep accurate records and accounts for the System separate and distinct from its other records and accounts. These System records shall be maintained in accordance with generally accepted accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 2013, the Town was in compliance with this covenant as the Town was under contract with a certified public accountant for an audit of its records for the year ended June 30, 2013.

Insurance and Fidelity Bonds- The bond ordinance requires the Town to carry full coverage of insurance on the System while the loan agreement requires the Town to maintain insurance policies that will provide against the risk of direct physical loss, damage, or destruction of the System including liability coverage. In addition, per the bond ordinance the Town is required to obtain fidelity bonds on all its officers and employees in a position of authority or in possession of money derived from the operation of the System. The amount of coverage should be adequate enough to protect the Town from loss.

At June 30, 2013, the Town was in **compliance** with this covenant.

(20) DEDICATION OF PROCEEDS & FLOW OF FUNDS - SALES AND USE TAX

A portion of the proceeds of a 2% sales and use tax levied by the Town net of collection expenses (2012 \$2,753,380; 2013 \$2,863,741) are dedicated as follows:

1. The proceeds of the 2% sales and use tax are pledged toward the operating expenses of the Waterworks and Sewer System in connection with the issuance of Utilities Revenue Bonds, Series 2002.

The dedication is based on the bond resolution adopted August 6, 2002.

2. Provide funds for an economic development fund to be used at the discretion of the Mayor and Board of Aldermen. This funding totals 2.5% of sales and use tax collections.

The dedication is based on an ordinance adopted July 1, 2003.

3. The proceeds of the 2% sales and use tax are pledged toward the operating expenses of the Waterworks and Sewer System in connection with the issuance of Utilities Revenue Bonds, Series 2011A.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

The dedication is based on adoption of Ordinance No. 8-2010 on June 1, 2010.

4. The proceeds of the 2% sales and use tax are pledged toward the operating expenses of the Waterworks and Sewer System in connection with the issuance of Utilities Revenue Bonds, Series 2011B.

The dedication is based on adoption of Ordinance No. 1-2011 on January 4, 2011.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted dedications shall be regarded as surplus and may be used for any lawful corporate purpose.

The Town's sales and use taxes are collected by the Central Collection Commission (CCC) of Tangipahoa Parish. For these services, the Town pays CCC a monthly charge of .65 percent of amounts collected plus expenses.

(21) CHANGES IN AGENCY FUNDS

A summary of changes in agency fund balances follows:

	<u>Balances at June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances at June 30, 2013</u>
Bond Money Agency Fund	\$22,468	\$163,463	\$167,960	\$ 17,971
Prisoner Personal Money Agency Fund	<u>709</u>	<u>1,214</u>	<u>1,392</u>	<u>531</u>
Total	<u>\$23,177</u>	<u>\$164,677</u>	<u>\$169,352</u>	<u>\$ 18,502</u>

(22) INTERFUND RECEIVABLES AND PAYABLES / TRANSFERS

- A. Balances due to/from other funds at June 30, 2013, consist of the following:

Due to the General Fund from the Waterworks and Sewer Fund for Garbage Fees and collected less other items.	\$100,543
Due to Arts Council Fund from the General Fund for the balance of the required annual transfer.	10,848
Due to Economic Development Fund from the General Fund to offset cash shortage.	185,000
Due to Economic Development Fund from the Sales Tax Fund for the balance of the required annual transfer per Ordinance 10-2003.	<u>18,514</u>
	<u>\$314,905</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

Summary of balances due from (to) other funds reported in fund financial statements:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Balance Sheet - Governmental Funds	\$ 314,905	\$ (214,362)
Statement of Net Position - Proprietary Fund	<u>-</u>	<u>(100,543)</u>
	<u>\$ 314,905</u>	<u>\$ (314,905)</u>

B. Interfund transfers at June 30, 2013, consist of the following:

From the Sales Tax Fund to the General Fund to subsidize operations.	\$2,780,000
From the Sales Tax Fund to the Economic Development Fund as required by Ordinance 10-2003.	72,062
From the General Fund to the Arts Council Fund for the required transfer of franchise-cable tax.	20,750
From the General Fund to the Waterworks and Sewer Fund to subsidize operations.	<u>18,296</u>
	<u>\$2,891,108</u>

(23) RESTATED FUND BALANCE / NET POSITION

A. The following fund's beginning unassigned fund (deficit) has been restated to reflect the retroactive recording of prior period adjustments to the June 30, 2012, balance:

General Fund

Unassigned fund deficit at June 30, 2012	\$ (88,627)
Payment of prior year animal shelter fees	(12,423)
Payment of prior year police vehicle maintenance	(2,372)
Payment of the police Crimestar license from prior year	(8,800)
Receipt of insurance proceeds of the prior year repairs of a garbage truck	<u>22,250</u>
Unassigned fund deficit at June 30, 2012, as restated	<u><u>\$(89,972)</u></u>

B. The beginning net position of the Governmental Funds has been restated:

Net position at June 30, 2012	\$2,176,716
Effect of prior period adjustments made to fund balance	(1,345)
Capitalize the 911 memorial effective June 6, 2012	<u>29,009</u>
Net position at June 30, 2012, as restated	<u><u>\$2,204,380</u></u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(24) LITIGATION AND CLAIMS

The following legal actions are currently pending against the Town of Amite City:

1. Suit #2006-0000926, James McKee vs. Town of Amite City. This is a petition for damages and wrongful death. The Town is being represented by its insurer, Risk Management.
2. Suit #2007-0003196 N. Cefalu Co. vs. Town of Amite. This is a suit for injunctive relief and damages regarding a small gravel road. The Town is being represented by its insurer in this matter. Currently the parties have entered into a tentative agreement to suspend the litigation pending negotiations between the City and the plaintiff's regarding the potential purchase of the property by third parties.
3. Suit #07-1525 Sec. A Mag 1 in the Eastern District of the United States District Court Anthony Ougel et al vs. Town of Amite, McComb Police Department, Tangipahoa Parish Sheriff's Department, et al. This is a petition for damages for wrongful death. The Town is being represented by its insurer in this matter.
4. Suit #2009-0003825 Gerald Melancon, Jr. vs. Town of Amite. This is a petition seeking to declare action of the Mayor and Board of Alderman null and void and for damages for wrongful firing. The Town is being represented by its insurer in this matter. This suit is consolidated with Suit #2010-0003533 Gerald Melancon, Jr. vs. Town of Amite. This is a petition for damages. The Town is being represented by its insurer in this matter.
5. Suit #2011-0000642 Scott Vaughn vs. Town of Amite, et al. This is a petition for wrongful death. The Town is being represented by its insurer in this matter. This matter is consolidated with Suit #2011-0000719 Bobby Vaughn vs. Town of Amite, et al. This is a petition for wrongful death. The Town is being represented by its insurer in this matter.
6. Suit #2011-0000725 State of Louisiana vs. Town of Amite, et al. This is a suit for reimbursement of workers compensation benefits paid to David McCastale. The Town is being represented by its insurer in this matter. This suit is consolidated with Suit #2011-0001188 David McCaskell vs. Town of Amite et al. This is a suit for damages against the Town of Amite. The Town is being represented by its insurer in this matter.
7. Suit #2011-0002835 Joey Phillips vs. Town of Amite. This is a petition for damages. The Town is being represented by its insurer in this matter.
8. Suit #2012-0000637 Terry Tullos vs. Town of Amite, et al. This is a petition for damages for wrongful termination. The Town is being represented by its insurer in this matter.
9. Suit #2012-0002080 Angelia M. Doughty vs. Town of Amite, et al. This is a petition for damages. The town is being represented by its insurer in this matter.
10. Suit #2013-0000634 Larry Broussard, et al vs. Town of Amite, et al. This is a petition for damages. The town is being represented by its insurer in this matter.
11. Suit #2013-0000925 Floyd P. Donley, Sr. vs. Town of Amite, et al. This is a petition for

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

declaratory judgment and court costs. The town is being represented by its attorney in this matter. No insurance coverage.

12. Suit #2013-0003114 Gerard Wilson vs. Jonathan Foster and Town of Amite City. This is a petition for damages. The town is being represented by its insurer in this matter.

Accrual of the loss or gain contingencies listed above have not been recorded in the financial statements as responsibility has not been determined and/or the possible loss/gain or range of loss/gain for each legal action cannot be reasonably estimated.

Claims and litigation costs of \$4,120 were paid or payable and recorded as a current-year expenditure in the General Fund.

The Louisiana Department of Environmental Quality (DEQ) investigation at the old water well site located by the Amite Community Center is still ongoing. DEQ is unable to determine the outcome for the Town at this time; therefore, no liability has been booked.

**(25) COMPENSATION PAID MAYOR, CHIEF OF POLICE, TOWN COUNCIL,
AND BOARD MEMBERS**

Amounts paid to the Mayor, Chief of Police, and members of the Town Council for compensation are as follows:

Milton "Buddy" Bel, Mayor	\$ 4,800
R.E. Goldsby, M.D., Mayor	7,200
Jerry Trabona, Chief of Police	63,820
 <u>Town Council</u>	
Jonathon Foster	7,200
Walter Daniels	3,600
Mark Vining	3,600
Charles C. Currier	7,200
Roseline A. Sumrall	7,200
Arthur Leonard	3,600
Emanuel Zander	3,600
	<u>\$111,820</u>

Compensation paid to the board members of the Town of Amite City's Planning and Zoning Commission for the year ended June 30, 2013, is as follows:

Mike Potts	\$275
Leslie Brumfield	300
Mike Case	<u>175</u>
	<u>\$750</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(26) ON BEHALF PAYMENTS BY STATE OF LOUISIANA

For the year ended June 30, 2013, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town has recorded \$116,601 of on behalf payments as revenue and as expense in the General Fund.

(27) RISK MANAGEMENT

The Town of Amite City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of commercial insurance.

(28) CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$1,324,806 of the Town's bank balances are exposed to custodial credit risk. The \$1,324,806 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name.

(29) CONTINGENT REIMBURSEMENT

During the fiscal year ended June 30, 2006, the Town was over charged \$52,579.75 by Advance Construction Services for debris removal performed under FEMA project worksheet 562. The Town paid Advance Construction the \$52,579.75 and subsequently received the \$52,579.75 from FEMA.

The Town has been in contact with Advance Construction Services and Williford, Gearheart, & Knight, Inc. (monitoring firm) since January 2008 regarding this matter. Neither firm has accepted responsibility nor sent a reimbursement check.

At present, FEMA has not performed the close out for this project worksheet and therefore has not requested the funds. It is not known when FEMA will perform the close out.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

(30) SUBSEQUENT EVENTS

Subsequent to June 30, 2013, the following events occurred:

- On September 3, 2013, the Town adopted Ordinance No. 1-2013 establishing City Clerk salary at \$68,940 annually.
- On December 3, 2013, the Town Council declared the following vehicles surplus:
 - 1999 Dodge Truck - VIN# 7503
 - 1999 Dodge Truck - VIN# 7746
 - 1998 Dodge Truck - VIN# 8575
 - 1994 GMC Truck - VIN# 3167
- On December 3, 2013, the Town Council passed a motion to advertise for bids for a garbage truck to replace the wrecked unit.
- On December 3, 2013, the Town Council adopted Ordinance No. 13-2013 to set the salary of the Chief of Police at \$64,663 annually.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND-SUMMARY

For the Year Ended June 30, 2013

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	
Taxes	\$ 316,500	\$ 316,500	\$ 265,970	\$ (50,530)
Licenses and permits	291,000	291,000	278,623	(12,377)
Intergovernmental	241,000	401,350	398,205	(3,145)
Fines and forfeitures	208,000	164,500	152,849	(11,651)
Sanitation service fees	318,000	303,000	294,275	(8,725)
Prisoner housing fees	25,000	12,000	16,966	4,966
Subpoena & bond appearance fees	13,000	9,000	6,836	(2,164)
Rentals and recreational	20,000	35,000	34,665	(335)
Miscellaneous	68,500	30,500	42,411	11,911
Total revenues	<u>1,501,000</u>	<u>1,562,850</u>	<u>\$ 1,490,800</u>	<u>(72,050)</u>
 <u>Expenditures</u>				
Current-				
General government	1,409,469	1,561,952	1,251,127	310,825
Public safety- police	1,308,290	1,268,990	1,413,723	(144,733)
Public safety- fire	285,000	285,000	285,000	-
Streets	724,463	698,463	735,091	(36,628)
Sanitation	248,675	233,675	268,903	(35,228)
Community Center	13,000	13,000	16,279	(3,279)
Cemetery	74,915	74,915	76,209	(1,294)
Parks and recreation	130,500	68,300	79,472	(11,172)
Intergovernmental (DMV)	10,820	10,820	11,281	(461)
Miscellaneous	35,290	30,290	31,780	(1,490)
Total expenditures	<u>4,240,422</u>	<u>4,245,405</u>	<u>4,168,865</u>	<u>76,540</u>
(Deficiency) of revenues over expenditures	<u>(2,739,422)</u>	<u>(2,682,555)</u>	<u>(2,678,065)</u>	<u>4,490</u>
 <u>Other financing sources (uses)</u>				
Transfers in	2,750,000	2,850,000	2,780,000	(70,000)
Transfers out	(20,000)	(21,000)	(39,046)	(18,046)
Total other financing sources (uses)	<u>2,730,000</u>	<u>2,829,000</u>	<u>2,740,954</u>	<u>(88,046)</u>
Net change in Fund Balance	(9,422)	146,445	62,889	(83,556)
Fund balance (deficit)- beg, restated	<u>16,684</u>	<u>(86,307)</u>	<u>(87,652)</u>	<u>(1,345)</u>
Fund balance (deficit)- ending	<u>\$ 7,262</u>	<u>\$ 60,138</u>	<u>\$ (24,763)</u>	<u>\$ (84,901)</u>

See auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes-				
Ad Valorem	\$ 139,000	\$ 139,000	\$ 125,521	\$ (13,479)
Public utilities franchise	177,500	177,500	140,449	(37,051)
Licenses and permits-				
Occupational licenses	277,000	277,000	263,548	(13,452)
Chain store licenses	8,000	8,000	8,793	793
Permits	6,000	6,000	6,282	282
Intergovernmental-				
Beer taxes	10,000	10,000	10,287	287
Federal grants	-	202,795	202,795	-
State grants	42,000	15,555	12,386	(3,169)
Drug asset funds	5,000	5,000	3,284	(1,716)
State highway maintenance	5,000	5,000	5,300	300
Motions money	3,000	3,000	-	(3,000)
Department of Motor Vehicles	50,000	40,000	47,552	7,552
On behalf payments by the state	126,000	120,000	116,601	(3,399)
Fines and forfeitures	208,000	164,500	152,849	(11,651)
Charges for services-				
Garbage fees	318,000	303,000	294,275	(8,725)
Prisoner housing fees	25,000	12,000	16,966	4,966
Subpoena & bond appearance fees	13,000	9,000	6,836	(2,164)
Rentals	20,000	35,000	34,665	(335)
Miscellaneous revenues-				
Cemetery - sale of lots & fees	30,000	12,000	16,610	4,610
Interest	500	500	620	120
Miscellaneous	35,000	15,000	21,138	6,138
Donations	-	-	1,050	1,050
Accident reports	3,000	3,000	2,993	(7)
Total revenues	<u>\$1,501,000</u>	<u>\$1,562,850</u>	<u>\$1,490,800</u>	<u>\$ (72,050)</u>

(Continued)

See auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>General Government</u>				
Salaries - Mayor and Council	\$ 50,400	\$ 48,000	\$ 48,000	\$ -
Salaries - Town Clerk	67,257	67,257	67,794	(537)
Salaries - Clerical & Clerk of Court	138,939	141,000	119,329	21,671
Retirement contributions	47,000	45,000	45,363	(363)
Employee benefits	350,000	361,000	75,654	285,346
Payroll taxes	150,000	144,000	138,052	5,948
Attorney	21,000	21,000	27,225	(6,225)
Audit and accounting services	53,000	35,000	32,625	2,375
Insurance (all departments)	300,000	310,000	306,048	3,952
Office expense	15,000	15,000	19,098	(4,098)
Official journal	9,000	9,000	8,489	511
City Hall utilities	11,000	11,000	10,453	547
City Hall telephones	4,000	4,000	4,232	(232)
City Hall maintenance	1,000	1,000	1,389	(389)
Dues	3,800	3,800	3,759	41
Assessor and tax roll	2,754	2,754	2,746	8
Public relations/Amite Pride	300	300	2,790	(2,490)
Compliance officer expense	6,562	6,562	6,605	(43)
Convention expense	4,500	2,644	2,644	-
Medical expense	2,000	2,000	1,281	719
Miscellaneous	15,000	16,790	16,466	324
Contract services	3,900	3,900	3,950	(50)
Magistrate judge and city prosecutor	32,892	40,000	38,710	1,290
Litter program	3,500	4,400	1,351	3,049
Janitorial - city hall	5,865	4,000	3,560	440
Community developer	20,000	20,000	20,525	(525)
Mayor's court expense	3,000	3,000	3,525	(525)
Bond Appearance expense	6,000	1,000	-	1,000
Subpoena wages	28,000	15,000	15,250	(250)
Grant expenses	32,000	201,745	201,745	-
Election expense	-	-	1,790	(1,790)
Downtown Coordinator	21,800	21,800	20,679	1,121
Total General Government	<u>\$1,409,469</u>	<u>\$1,561,952</u>	<u>\$1,251,127</u>	<u>\$ 310,825</u>

(Continued)

See auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - DETAIL
For the Year Ended June 30, 2013

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
	Budget	Budget	Amounts	
Public Safety - Police				
Salaries - Chief of Police	\$ 62,790	\$ 62,790	\$ 63,820	\$ (1,030)
Salaries and benefits	820,000	750,000	898,346	(148,346)
On behalf payments by state	126,000	120,000	116,601	3,399
Retirement contributions	130,000	130,000	129,864	136
Auto fuel	65,000	77,000	84,230	(7,230)
Auto repairs	10,000	22,000	21,492	508
Uniforms	8,000	8,000	6,499	1,501
Repairs and maintenance	7,000	7,000	8,296	(1,296)
Prisoner expense	17,000	17,000	16,864	136
Office expense	20,000	35,000	27,689	7,311
Schools - conventions	2,500	3,200	3,319	(119)
Utilities	20,000	17,000	20,637	(3,637)
Equipment rent	2,000	2,000	2,122	(122)
Miscellaneous	-	4,000	3,918	82
Drug forfeiture expense	5,000	5,000	-	5,000
Capital acquisitions	1,500	7,500	10,026	(2,526)
Grant expense	10,000	-	-	-
Informant monies	1,500	1,500	-	1,500
Total Public Safety - Police	\$ 1,308,290	\$ 1,268,990	\$ 1,413,723	\$ (144,733)
Public Safety - Fire				
Fire Protection District No. 1	\$ 285,000	\$ 285,000	\$ 285,000	\$ -
Total Public Safety - Fire	\$ 285,000	\$ 285,000	\$ 285,000	\$ -
Streets				
Salaries -Street & Water Superintendent	\$ 70,663	\$ 70,663	\$ 72,403	\$ (1,740)
Salaries and benefits	\$ 330,000	310,000	360,848	(50,848)
Street and traffic lights	100,000	100,000	93,194	6,806
Equipment fuel	30,000	37,000	36,613	387
Landfill	15,000	15,000	15,553	(553)
Materials and supplies	59,000	59,000	43,395	15,605
Uniforms	7,800	7,800	9,976	(2,176)
Utilities	9,000	9,000	15,878	(6,878)
Street signs	15,000	12,000	11,985	15
Street vehicle maintenance	43,000	43,000	49,401	(6,401)
Drainage	20,000	10,000	10,236	(236)
Mosquito spraying	5,000	5,000	1,800	3,200
Equipment acquisitions	20,000	20,000	13,809	6,191
Total Streets	\$ 724,463	\$ 698,463	\$ 735,091	\$ (36,628)

(Continued)

See auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Sanitation</u>				
Salaries and Benefits	\$ 68,675	\$ 68,675	\$ 73,856	\$ (5,181)
Equipment repairs and supplies	60,000	45,000	71,074	(26,074)
Fuel	40,000	40,000	39,071	929
Landfill	80,000	80,000	84,902	(4,902)
Total Sanitation	\$ 248,675	\$ 233,675	\$ 268,903	\$ (35,228)
 <u>Community Center</u>				
Utilities	\$ 11,000	\$ 11,000	\$ 8,539	\$ 2,461
Repairs and supplies	2,000	2,000	7,740	(5,740)
Total Community Center	\$ 13,000	\$ 13,000	\$ 16,279	\$ (3,279)
 <u>Cemetery</u>				
Salaries	\$ 12,376	\$ 12,376	\$ 12,376	\$ -
Contract services	57,539	57,539	55,142	2,397
Materials, supplies, and fuel	2,000	2,000	5,609	(3,609)
Miscellaneous	2,000	2,000	2,131	(131)
Utilities	1,000	1,000	951	49
Total Cemetery	\$ 74,915	\$ 74,915	\$ 76,209	\$ (1,294)
 <u>Parks and Recreation</u>				
Salaries and Benefits	\$ 93,000	\$ 45,000	\$ 54,943	\$ (9,943)
Uniforms	1,200	1,000	596	404
Equipment fuel	4,000	3,000	2,877	123
Repairs, supplies, and beautification	20,300	10,300	9,939	361
Utilities	7,000	7,000	8,520	(1,520)
Equipment repairs	5,000	2,000	2,597	(597)
Total Parks and Recreation	\$ 130,500	\$ 68,300	\$ 79,472	\$ (11,172)
 <u>Intergovernmental (DMV)</u>				
Maintenance and utilities	\$ 10,820	\$ 10,820	\$ 11,281	\$ (461)
Total intergovernmental	\$ 10,820	\$ 10,820	\$ 11,281	\$ (461)

(Continued)

See auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Miscellaneous</u>				
Parish service officer	\$ 960	\$ 960	\$ 960	\$ -
Coroner	8,000	5,000	3,430	1,570
Senior citizens	12,000	10,000	14,142	(4,142)
Planning and zoning	500	500	625	(125)
Animal shelter	12,330	12,330	12,423	(93)
Nongrant- Trees and Landscaping	1,000	1,000	-	1,000
Chamber of Commerce	500	500	200	300
Total Miscellaneous	<u>\$ 35,290</u>	<u>\$ 30,290</u>	<u>\$ 31,780</u>	<u>\$ (1,490)</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in:				
Sales Tax Fund	\$2,750,000	\$2,850,000	\$2,780,000	\$ (70,000)
Operating transfers out:				
Arts Council Fund	(20,000)	(21,000)	(20,750)	250
Water Works Fund	<u>-</u>	<u>-</u>	<u>(18,296)</u>	<u>(18,296)</u>
Total Other Financing Sources (Uses)	<u>\$2,730,000</u>	<u>\$2,829,000</u>	<u>\$2,740,954</u>	<u>\$ (88,046)</u>

(Concluded)

See auditor's report.

Town of Amite City
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Sales taxes	\$ 2,800,000	\$ 2,850,000	\$ 2,882,477	\$ 32,477
Interest	<u>200</u>	<u>200</u>	<u>203</u>	<u>3</u>
Total revenues	<u>2,800,200</u>	<u>2,850,200</u>	<u>2,882,680</u>	<u>32,480</u>
Expenditures				
General government -				
Collection fees	<u>18,200</u>	<u>18,525</u>	<u>18,736</u>	<u>(211)</u>
Total expenditures	<u>18,200</u>	<u>18,525</u>	<u>18,736</u>	<u>(211)</u>
Excess of revenues over expenditures	<u>2,782,000</u>	<u>2,831,675</u>	<u>2,863,944</u>	<u>32,269</u>
<u>Other financing (uses)</u>				
Operating transfers (out):				
General Fund	(2,750,000)	(2,850,000)	(2,780,000)	70,000
Economic Development Fund	<u>(70,000)</u>	<u>(71,550)</u>	<u>(72,062)</u>	<u>(812)</u>
Total other financing (uses)	<u>(2,820,000)</u>	<u>(2,921,250)</u>	<u>(2,852,062)</u>	<u>69,188</u>
Net change in Fund Balance	(38,000)	(89,575)	11,882	101,457
Fund balance - beginning	<u>144,099</u>	<u>209,705</u>	<u>209,705</u>	<u>-</u>
Fund balance - ending	<u>\$ 106,099</u>	<u>\$ 120,130</u>	<u>\$ 221,587</u>	<u>\$101,457</u>

See auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Interest	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 218</u>	<u>\$18</u>
Total revenues	<u>200</u>	<u>\$ 200</u>	<u>218</u>	<u>18</u>
<u>Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balance	200	200	218	18
Fund balance - beginning	<u>377,245</u>	<u>77,264</u>	<u>77,264</u>	<u>-</u>
Fund balance - ending	<u>\$377,445</u>	<u>\$77,464</u>	<u>\$77,482</u>	<u>\$18</u>

See auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 450	\$ 450	\$ 344	\$ (106)
Total revenues	<u>450</u>	<u>450</u>	<u>344</u>	<u>(106)</u>
<u>Expenditures</u>				
Economic Development	15,355	15,355	14,215	1,140
New Police Station	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>215,355</u>	<u>15,355</u>	<u>14,215</u>	<u>1,140</u>
(Deficiency) of revenues over expenditures	<u>(214,905)</u>	<u>(14,905)</u>	<u>(13,871)</u>	<u>1,034</u>
<u>Other financing sources</u>				
Operating transfers in:				
Sales Tax Fund	<u>70,000</u>	<u>71,250</u>	<u>72,062</u>	<u>812</u>
Total other financing sources	<u>70,000</u>	<u>71,250</u>	<u>72,062</u>	<u>812</u>
Net change in Fund Balance	(144,905)	56,345	58,191	1,846
Fund balance - beginning	<u>286,732</u>	<u>285,983</u>	<u>285,983</u>	<u>-</u>
Fund balance - ending	<u>\$ 141,827</u>	<u>\$342,328</u>	<u>\$344,174</u>	<u>\$1,846</u>

See auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

ARTS COUNCIL FUND

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Interest	\$ 200	\$ 200	\$ 118	\$ (82)
Miscellaneous	<u>750</u>	<u>750</u>	<u>1,310</u>	<u>560</u>
Total revenues	<u>950</u>	<u>950</u>	<u>1,428</u>	<u>478</u>
<u>Expenditures</u>				
Art Development	<u>20,000</u>	<u>35,000</u>	<u>19,339</u>	<u>15,661</u>
Total expenditures	<u>20,000</u>	<u>35,000</u>	<u>19,339</u>	<u>15,661</u>
(Deficiency) of revenues over expenditures	<u>(19,050)</u>	<u>(34,050)</u>	<u>(17,911)</u>	<u>16,139</u>
<u>Other financing sources</u>				
Operating transfers in:				
General Fund	<u>20,000</u>	<u>21,000</u>	<u>20,750</u>	<u>(250)</u>
Total other financing sources	<u>20,000</u>	<u>21,000</u>	<u>20,750</u>	<u>(250)</u>
Net change in Fund Balance	950	(13,050)	2,839	15,889
Fund balance - beginning	<u>51,388</u>	<u>48,654</u>	<u>48,654</u>	<u>-</u>
Fund balance - ending	<u>\$ 52,338</u>	<u>\$ 35,604</u>	<u>\$ 51,493</u>	<u>\$15,889</u>

See auditor's report.

OTHER SUPPLEMENTAL INFORMATION

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION

As of and for the Year Ended June 30, 2013

The resolution authorizing the issuance of \$1,330,000 Utilities Revenue Bonds require the following selected information to be submitted in connection with the audit report:

a. <u>Selected Revenues</u>	<u>Total System</u>	<u>Water Works</u>	<u>Sewer</u>
Water revenues	\$ 530,468	\$ 530,468	\$ -
Water and garbage penalties	21,395	10,698	10,697
Sewer revenues	744,876	-	744,876
Water & Sewer Taps	7,274	3,637	3,637
Sewer grant-operating	140,343	-	140,343
Reconnect fees	11,675	5,837	5,838
Interest earned on water account	302	302	-
Interest earned on sewer account	779	-	779
Miscellaneous	629	315	314
Total selected revenues	<u>1,457,741</u>	<u>551,257</u>	<u>906,484</u>

Selected Expenses

Salaries	225,234	112,617	112,617
FICA tax expense	14,716	7,358	7,358
Employee benefits	34,388	17,194	17,194
Water repairs, materials, & supplies	80,136	80,136	-
Sewer repairs, materials & supplies	101,884	-	101,884
Dues	375	375	-
Insurance	21,549	10,775	10,744
Engineering	1,564	-	1,564
Professional fees	23,000	11,500	11,500
Bad Debt Expense	10,045	5,022	5,023
Miscellaneous expense	9,495	4,747	4,748
Sewer testing	11,566	-	11,566
Office expense	22,143	11,072	11,071
Truck expense	8,070	4,035	4,035
Water truck fuel	23,197	11,598	11,599
Treatment plant expenses	6,100	-	6,100
Convention & school	40	20	20
Utilities - water	39,760	39,760	-
Utilities - sewer	<u>121,808</u>	-	<u>121,808</u>
Total selected expenses	<u>755,070</u>	<u>316,209</u>	<u>438,861</u>

Excess Revenues	<u>\$ 702,671</u>	<u>\$ 235,048</u>	<u>\$ 467,623</u>
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- b. Balance Sheet (Statement of Net Position) of the System - See page 11 of annual financial report.
- c. The Town complied with the provisions of the Bond Ordinance and Loan Agreement regarding the review and establishment of user fees to have a significant impact for FYE June 30, 2013.

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)

As of and for the Year Ended June 30, 2013

d. Insurance policies in force at June 30, 2013 (UNAUDITED):

- 1) Insurer: Louisiana Municipal Risk Management Agency, expiring May 1, 2013,
(has been renewed to May 1, 2014):

<u>Policy Limit</u>	<u>Risk Covered</u>
\$500,000	Automobile liability
\$500,000	Commercial general liability
\$500,000	Law Enforcement officer's comprehensive liability
\$500,000	Public officials' errors and omissions liability

- 2) Insurer: Louisiana Municipal Risk Management Agency, expiring January 1, 2013,
(has been renewed to January 1, 2014)

<u>Policy Limit</u>	<u>Risk Covered</u>
Louisiana Statutes	Worker's Compensation

- 3) Insurer: Rod Prejean & Associates

<u>Policy Limit</u>	<u>Risk Covered</u>
\$541,166	Commercial auto & physical damage, expiring January 5, 2014
\$62,000	Commercial inland marine, expiring July 22, 2013

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)

As of and for the Year Ended June 30, 2013

4) Insurer: Western Surety Company, expiring November 26, 2013

Policy Limit

Risk Covered

\$1,000

Bond on city councilman

10,000

Bond each on four policemen

\$10,000

Bond on police chief

\$50,000

Bond on assistant clerk

\$25,000

Bond on clerk of court

\$15,000

Bond on clerk of court assistant

\$15,000

Bond on police clerk

\$15,000

Bond on purchasing agent

\$25,000

Bond on utility clerk

\$100,000

Bond on City Clerk

\$100,000

Bond on Mayor

\$100,000

Bond on Mayor Pro Tem

Western Surety Company

\$10,000

Police / Notary bonds on ten policemen.
Bonds are for five years. All are current.

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)

As of and for the Year Ended June 30, 2013

5) Insurer: Western Heritage, expiring March 28, 2014

Policy Limit

Risk Covered

Actual Cash Value/Replacement Cost
Coinsurance of 90% - \$5,000
Windstorm / Hail Deductible \$10,000

Commercial Property Coverage

See policy for specific limits/
\$5,000 deductible

Business Personal Property

6) Insurer: Moore & Jenkins, expiring November 7, 2013

Policy Limit

Risk Covered

\$1,000,000 / \$3,000,000

Water and Sewer general liability

\$3,234,093
\$1,000 deductible

Water and Sewer system
(Sewer plant, water tanks, and pumps)

\$10,000
\$1,000 deductible

Water and Sewer crime coverage

e. There were 1,723 water users and 1,543 users of the sewerage system at June 30, 2013.

There were 1,414 residential and 309 commercial water users at June 30, 2013.

There were 1,261 residential and 282 commercial sewer users at June 30, 2013.

f. Analysis of Additions, Replacements, and Improvements to the Physical Properties of the System - See note 7 to the financial statements.

g. Analysis of Required Bank Accounts - See note 14 to the financial statements.

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)

As of and for the Year Ended June 30, 2013

h. Schedule of monthly water and sewer rates:

Water Rates

Residential Rates:

FLAT RATE

\$18.00 per month for inside the corporate limits of the Town.

\$36.00 per month for outside the corporate limits of the Town.

METERED

Inside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$12.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$2.00 per thousand gallons.

Outside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$24.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$4.00 per thousand gallons.

Commercial Rates:

METERED

Inside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$24.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$2.00 per thousand gallons.

Outside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$40.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$4.00 per thousand gallons.

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)

As of and for the Year Ended June 30, 2013

FLAT RATE

1. The minimum monthly rate for small commercial customers with less than five employees billed at a flat rate of charge shall be twenty-four dollars (\$24.00). The minimum monthly rate for large commercial customers, such as restaurants, laundry mats, schools, etc., billed at a flat rate of charge shall be forty dollars (\$40.00).
2. Churches inside the city limits will be billed at the same rate as residential water customers.
3. All commercial establishments located outside the corporate limits shall pay an amount equal to two times the amount charged for comparable businesses located inside the corporate limits, with or without a water meter installed.

Sewer Rates

Residential Rates:

Inside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$19.00 per month.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$3.00 per thousand gallons.
3. The minimum charge for any domestic sewer user billed at a flat rate of charge of \$28.00.

Outside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$38.00 per month.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$6.00 per thousand gallons.
3. The minimum charge for any domestic sewer user billed at a flat rate of charge of \$56.00.

Town of Amite City
UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (concluded)
As of and for the Year Ended June 30, 2013

Commercial Rates:

METERED

Inside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$38.00 per month.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$3.00 per thousand gallons.

Outside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$76.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$6.00 per thousand gallons.

FLAT RATE

Inside the corporate limits

- | | | |
|----|---|-----------|
| a. | Small office with twenty or less employees | \$38.00 |
| b. | Offices with twenty one or more employees, restaurants, and other commercial sewer users. | 56.00 |
| c. | Jails, nursing homes, and other such institutions | 1 ,520.00 |
| d. | Lift station cleaning | 500.00 |

Sewer service charges for commercial service outside the corporate limits of Town shall pay an amount equal to two times the amount charged for comparable business located inside the corporate limits.

**OTHER INDEPENDENT AUDITOR'S REPORTS
AND FINDINGS**



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor Milton Bel and
Members of the Town Council
Town of Amite City
Amite, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the fiduciary funds of the Town of Amite City, Louisiana, (Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current year findings, I identified certain deficiencies in internal control that I consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider finding 2013-01 described in the accompanying schedule of current year findings to be a material weakness.

**Town of Amite City
Independent Auditor's Report on Internal Control and on
Compliance and Other Matters - Concluded**

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I did not identify any deficiencies in internal control over financial reporting that I consider to be a significant deficiency as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2013-02.

The Town's Response to the Findings

The Town's responses to the findings identified in my audit are described in the accompanying Management's Corrective Action Plan. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the governing council, management, the Legislative Auditor, the Louisiana Department of Environmental Quality, and the United States Department of Agriculture - Rural Development and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant

December 19, 2013

Town of Amite City

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2013

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS		
2012-01	Lack of Internal Controls	Unresolved. See current year finding. 2013-01
2012-02	Local Government Budget Act Violations	Resolved
2012-03	Noncompliance with Ordinance No. 2-2002, Employee Policy Manual, Time Accounting	Resolved
2012-04	Noncompliance with Ordinance No. 4-1999 and LA R.S. 38:2241	Resolved
SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS		
NONE		
SECTION 3. MANAGEMENT LETTER		
NONE		

Town of Amite City

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

I have audited the financial statements of Town of Amite City, Louisiana (Town) as of and for the year ended June 30, 2013, and have issued my report thereon dated December 19, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2013, resulted in:

- An unqualified opinion has been expressed on the financial statements of the governmental activities, the business-type activity, each major fund, and the fiduciary funds of the Town.

Report on Internal Control and Compliance Material to the Financial Statements

Internal control

Material weaknesses identified? X yes no

Significant deficiencies identified not
considered to be material weaknesses? yes X no

Compliance

Noncompliance material to financial
statements noted? X yes no

Management Letter

Was a management letter issued? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

This section is used to identify the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards*.

2013-01 Lack of Internal Controls
(Repeated from Prior Years)

An adequate system of internal control requires appropriate segregation of duties consistent with control objectives. This deficiency could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with management's objectives.

The Town had the following internal control issues:

1. The Town Clerk is the sole employee involved in the recording, processing, summarizing, and reporting the Town's financial data. She also lacks the financial expertise to prepare year-end adjusting entries and draft year end financial statements.

The limited size of the Town precludes an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. No change is recommended.

2. A review of the general ledger is not being performed. There were numerous coding errors identified during the audit.

It is recommended that the Town Clerk each month perform a detailed review of the general ledger after all reconciliations have been performed and make any adjustments that are necessary.

3. The Town Clerk failed to request proper documentation from the Chief of Police before paying certain police officer's court attendance fees. She simply paid the wage based off of the Chief's verbal assurance that he had the documentation. There was no documentation. See current year finding **2013-02**.

The Mayor should instruct the Town Clerk that no items of payroll will be paid without written documentation being presented to her first. Otherwise, the item will not be paid.

4. The Town Clerk stopped using the leave tracking component of the payroll software sometime during the year for police department employees. Police department personnel instructed her to not use the payroll time reporting sheets; instead to wait until she was provided with the leave numbers on the police department leave sheets which are provided after payroll is processed. The Town Clerk then overrode the computer calculation. In addition, a police department employee was paid twice for the same leave request. As of the date of this report, the June 2013 leave per the police department has not been provided to the Town Clerk.

Town of Amite City
SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

(concluded)

The Chief of Police is to be reminded that after the June 30, 2009 audit, he agreed that all leave would be maintained by the Town Clerk. He should instruct his staff to cooperate with the Town Clerk and provide her the information in a timely manner. The actual request for leave slip should be turned in with the payroll time reporting sheet.

The Mayor will instruct the Town Clerk that the computer software is the official leave tracking device for all Town employees and as such she will utilize it properly. There will be no more overrides for police department leave.

5. The Town is failing to perform a proper reconciliation between the defendant's bonds payable per the court software and the defendant's bonds payable per the general ledger.

At present, the Clerk of Mayor's Court is printing a bonds list summary report per the court software for a one month period only. To properly reconcile, this report must be run from the first day of the fiscal year through the end of the month that is being reconciled. The Town clerk is using the erroneous report to perform her reconciliation. However, the Town Clerk did not notice the report period nor did she inquire or try to resolve the unknown difference noted on her reports. In essence, no reconciliation is being performed.

It is recommended that the Clerk of Mayor's Court use the proper date range for the reports to be given to the Town Clerk. The Town Clerk should verify that the proper dates have been used and all differences are to be investigated and resolved. Documentation for differences should be maintained.

6. Due to financial constraints on the General Fund, the Town failed to follow its payment plan with Risk Management for the general liability and worker's compensation insurance premiums. During the year under audit, Risk Management applied a portion of a general liability payment to the worker's compensation insurance premium without the Town's knowledge. The Town Clerk was not aware that these funds had been applied because she is not reconciling the current invoice with her previous payments. As a result of Risk Management's actions and the severe delinquency of payment by the Town, Town management was not aware that they had overpaid Risk Management \$18,238.42 until told by the auditor. Risk Management in August 2013 gave the Town credit for the overpayment.

It is recommended that the Mayor make the payment of the general liability and worker's compensation premiums a priority over all other monthly bills. The Mayor should instruct the Town Clerk to pay the general liability and worker's compensation insurance premiums timely and in accordance with the agreed upon payment plan.

2013- 02 Compliance with R.5.15:255, Witness fees to off duty law enforcement officers

During my audit it was determined that some police officers were being paid in violation of R.5.15:255. This matter has been turned over to the Louisiana Legislative Auditor, who is conducting their own investigation. The investigation is still in progress and therefore no results are available at this time.

SECTION III - FEDERAL FINANCIAL ASSISTANCE

NONE

Town of Amite City

MANAGEMENT'S CORRECTIVE ACTION PLAN
For Current Year Audit Findings for the Year Ended June 30, 2013

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
2013-01 Lack of Internal Controls	Mayor concurs with auditor's recommendation.
2013- 02 Compliance with R.5.15:255, Witness fees to off duty law enforcement officers	Town is awaiting outcome of investigation.

Date Submitted: 12/19/13 Auditee: Bry 31